Ministry of Agriculture

Agricultural Implements Board

Annual Report for 2016-17

saskatchewan.ca

Government of Saskatchewan

Table of Contents

Letters of Transmittal 2

The Act and the Board 3

Management's Responsibility for the Annual Report 4

Management's Responsibility for the Financial Statements 5

Auditor's Report 6

Financial Statements 7

Letter of Transmittal

The Honourable Lyle Stewart
Minister of Agriculture

June 30, 2017

Her Honour, the Honourable Vaughn Solomon Schofield
Lieutenant Governor of Saskatchewan

May it please Your Honour:

As the Minister of Saskatchewan Agriculture, it is my pleasure to submit the annual report for the Agricultural Implements Board for the year ending March 31, 2017.

Respectfully submitted,

Lyle Stewart
Minister of Agriculture

Jeffrey Wheaton, Chairman
Agricultural Implements Board

The Honourable Lyle Stewart
Minister of Agriculture

Sir:

I respectfully submit the Annual Report of the Agricultural Implements Board for the fiscal year ending March 31, 2017.

Jeffrey Wheaton, Chairman
Agricultural Implements Board

The Act and the Board

The Agricultural Implements Act (the Act) provides protection to farmers who buy or own agricultural implements. The Act requires that farm equipment dealers and manufacturers maintain minimum levels of warranty, repair and parts delivery services. Farmers may apply to the Agricultural Implements Board for compensation if they feel they have incurred a loss due to an unreasonable delay or the unavailability of farm equipment parts.

The current board consists of five members who were appointed for a two-year term not to exceed September 30, 2018. The current members are:

- Jeffrey Wheaton, Chairperson, Farmer Member;
- Allan Smith, Vice-Chairperson, Represents Canada West Equipment Dealers Association;
- Brad Nelson, Member, Represents Agricultural Manufacturers of Canada;
- Carmen Sterling, Member, Represents Saskatchewan Association of Rural Municipalities; and
- Gary Nelson, Member, Represents Canada West Equipment Dealers Association.

Objectives

- To ensure that a responsible distributor is registered in the province for each manufacturer of agricultural implements;
- To provide producer protection through statutory sales contracts and conditions under which implements are sold;
- To provide investigation and mediation services on disputes regarding warranties and conditions of sales contained in the sales contract; and
- To provide compensation to farmers where losses or damages are caused by breach of warranties or unreasonable delay in the provision of parts for repair.

Programs

The Board's programs are divided into two areas: preventative and remedial.

Preventative programs are aimed at eliminating problems before they occur. These programs include the registration of distributors and the licensing of dealers.

The remedial program aims to solve problems brought to the Board's attention. Complaints are investigated and mediated. When a formal Board hearing is necessary, compensation payments may be warranted.

Management's Responsibility for the Annual Report

Accomplishments

During the fiscal year 2016-2017, the office of the Board handled complaints, mostly from producers.

Spare parts supply, higher prices and warranty issues from manufacturers made up the majority of the complaints from farmers. Questions and concerns from implement dealers and distributors were also handled.

All inquiries and complaints were dealt with by the Board Secretary. The Board did conduct one hearing. The decision of the Board was to award $10,000 in compensation for damages in 2016-2017.

The Agricultural Implements Board approved, under section 12(2) of The Agricultural Implements Act, a one year holiday from collection of the $25 annual Agricultural Implements Compensation Fund levy from agricultural implement distributors in Saskatchewan for the 2016-2017 fiscal year. This was published in the Saskatchewan Gazette on February 3, 2016. The annual Implements Compensation Fund levy is once again set to zero dollars for 2017-2018.

Program Statistics

Year	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17
Number of dealers	370	372	426	422	416	424	397	402
Number of distributors	90	93	89	87	88	90	87	88
Number of manufacturers	211	213	214	214	214	217	217	217
Number of hearings	0	1	1	0	0	1	0	1

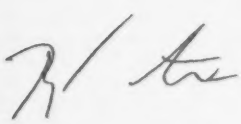
Management's Responsibility for the Financial Statements

The accompanying financial statements of the Agricultural Implements Board have been prepared by management in accordance with generally accepted accounting principles, using management's best estimates and judgments where appropriate.

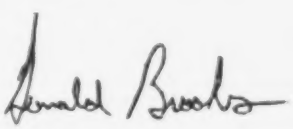
The fund's management is responsible for the reliability and integrity of these financial statements and other information in the Annual Report. Financial information in the Annual Report is consistent with that provided in these financial statements.

In discharging its responsibility for the reliability and integrity of these financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained.

The Provincial Auditor of Saskatchewan has audited these financial statements and conducted a review of internal accounting policies and procedures to the extent required to enable them to express an opinion on these financial statements.



Raymond Arscott, CA
Executive Director
Corporate Services Branch
Ministry of Agriculture



Donald Brooks, PAg
Secretary to the Agricultural Implements Board
Ministry of Agriculture

PROVINCIAL AUDITOR
of Saskatchewan

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of Agricultural Implements Board, which comprise the Statement of Financial Position as at March 31, 2017, and the Statement of Operations and Accumulated Operating Surplus, and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Agricultural Implements Board as at March 31, 2017, and the results of its operations, changes in accumulated operating surplus, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Judy Ferguson

Regina, Saskatchewan
May 25, 2017

Judy Ferguson, FCPA, FCA
Provincial Auditor

1500 Chateau Tower - 1920 Broad Street Regina, Saskatchewan S4P 3V2
t 306.787.6398 f 306.787.6383 e info@auditor.sk.ca
) www.auditor.sk.ca

Agricultural Implements Board

FINANCIAL STATEMENTS

March 31, 2017

Statement 1

AGRICULTURAL IMPLEMENTS BOARD
STATEMENT OF FINANCIAL POSITION
As of March 31

	2017	2016
FINANCIAL ASSETS		
Due from General Revenue Fund (Note 3)	$ 205,479	$ 207,334
Accrued interest receivable	270	308
Net financial assets	$ 205,749	$ 207,642
Accumulated Operating Surplus (Statement 2)	$ 205,749	$ 207,642

(See accompanying notes to the financial statements)

AGRICULTURAL IMPLEMENTS BOARD
STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS
For the Year Ended March 31

	2017	2016
Revenue:		
Penalty revenue (Note 4)	$ 10,000	$ -
Interest income	1,108	1,243
	11,108	1,243
Expenses:		
Compensation payments (Note 4)	10,000	-
Investigation and hearing costs (Note 5)	3,001	-
	13,001	-
(Deficit) Surplus for the year	(1,893)	1,243
Accumulated Operating Surplus, beginning of year	207,642	206,399
Accumulated Operating Surplus, end of year - to Statement 1	$ 205,749	$ 207,642

(See accompanying notes to the financial statements)

AGRICULTURAL IMPLEMENTS BOARD
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2017	2016
Cash flows from operating activities:		
Penalty revenue (Note 4)	$ 10,000	$ -
Compensation payments (Note 4)	(10,000)	-
Investigation and hearing costs (Note 5)	(3,001)	(2,670)
Interest received	1,146	1,351
Net (decrease) in cash position during the year	(1,855)	(1,319)
Due from General Revenue Fund, beginning of year	207,334	208,653
Due from General Revenue Fund, end of year	$ 205,479	$ 207,334

(See accompanying notes to the financial statements)

AGRICULTURAL IMPLEMENTS BOARD
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2017

1. Authority

The Agricultural Implements Board is continued under *The Agricultural Implements Act*. Under this Act, a fund known as the Agricultural Implements Compensation Fund, is also continued through which all transactions reflected in these statements are conducted. The Agricultural Implements Board is responsible for managing and operating the Fund:

a) To pay compensation to farmers who have suffered loss as a result of a defective implement;

b) To defray the expenses of investigating and hearing claims for compensation under this Act; and,

c) To maintain a reserve fund to pay compensation that may become payable in the future.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian public sector accounting standards. A statement of net debt has not been prepared as information is readily determinable from the other statements. A statement of remeasurement gains and losses has not been prepared as The Agriculture Implements Board does not have any remeasurement gains and losses.

The following accounting policies are considered significant:

a) Revenue:

Assessment levies on distributors are assessed annually and any levies received in advance are recorded as deferred revenue.

The Agricultural Implements Board passed a motion in 2014-15 which has been carried forward to 2016-17 setting the annual assessment fee to zero due to the balance in the fund.

Penalty revenue is recognized once a penalty for the dealer is approved by the Agriculture Implements Board in regards to a compensation for loss hearing.

Interest income is recognized as revenue when earned.

b) Use of estimates:

These standards require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Differences are reflected in current operations when identified.

3. Due from General Revenue Fund

The Agricultural Implements Board's bank account is included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan.

Earned interest is calculated and paid by the General Revenue Fund on a quarterly basis using the Government's thirty-day borrowing rate (2016-17 average rate 0.54%; 2015-16 average rate 0.60%) and the Agricultural Implements Board's average daily bank account balance.

4. Compensation Payment

The Agricultural Implements Board awarded payment to one producer regarding the decision on a compensation for loss. From the decision a payment was made to the producer from the Agricultural Implements Compensation Fund and the Fund was reimbursed by the dealer for the full amount of the loss.

5. Related Parties Transactions

Salary and administration costs other than those in respect of investigations and hearings have been absorbed by the Ministry of Agriculture and are therefore not reflected in these financial statements.

Other transactions with related parties and amounts due to or from them are described separately in these financial statements and the notes hereto.

6. Financial Instruments and Risk

Financial instruments consist of Due from General Revenue Fund and accrued interest receivable. The fair values approximate the carrying values due to the short-term nature of these instruments. The Agricultural Implements Board is not exposed to significant credit risk, market risk, or liquidity risk from these financial instruments.